

Congress of the United States
Washington, DC 20515

October 4, 2011

1377

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, N.W.
Washington, D.C. 20554

Dear Chairman Genachowski,

We are writing to urge the Federal Communications Commission (FCC) to recognize the unique economic, social and geographic challenges facing the U.S. Virgin Islands, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa (the "Insular Areas") and to adopt specific universal service support mechanisms for the Insular Areas. Such tailored universal service support mechanisms are essential to ensure that the residents of the Insular Areas have access to affordable voice and broadband communications services that are reasonably comparable to the services available in urban areas, consistent with Congress' mandate in Section 254(b)(3) of the Communications Act of 1934, as amended.

Specifically, we urge the Commission to adopt an alternative universal service reform approach for the Insular Areas by exempting insular carriers from any phase-down of, or caps on, current levels of high-cost support. We also urge the Commission not to implement a reverse auction mechanism for broadband funding in the Insular Areas. However, if the Commission implements a reverse auction for such funding, we urge the Commission to set aside funding specifically for broadband deployment in the Insular Areas. We also encourage the Commission to exempt Insular Areas from its prior decision to cap support for competitive carriers at March 2008 levels. That cap has harmed, and continues to harm, consumers in the Insular Areas by hindering the ability of wireless carriers to deploy infrastructure and deliver voice and broadband service. We believe that phasing-down support from the already reduced cap levels could be devastating to consumers in the Insular Areas. Further, we would request that the Commission include in their final regulations a policy that would prohibit any carrier who receives FCC funding from charging international rates for calls to the Insular Areas from the mainland. Unfortunately, the U.S. District Court of Appeals for the District of Columbia circuit ruled overruled an FCC ruling that indicated rate integration rules require telephone providers to provide adequate and affordable coverage to non-contiguous domestic locations based on equivalent rates of comparable distances in the contiguous 48 states. We believe as USF funding regulations are being contemplated that this is a key opportunity to re-affirm and implement an important previous FCC ruling.

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
October 4, 2011
Page Two of Three

We commend the Commission for asking whether there are “unique circumstances in insular areas that would necessitate a different USF regime.” We firmly believe that there are unique circumstances, and as a result, carriers serving the Insular Areas must be treated differently than carriers serving the 50 states as the Commission proceeds with its universal service reforms.

The Insular Areas face a host of significant challenges that make it difficult to achieve significant broadband penetration. First, the Insular Areas are remote, and as a result, the cost of shipping, deploying, and maintaining telecommunications infrastructure is much higher than on the U.S. mainland. Second, the Insular Areas experience severe tropical weather, including cyclones and hurricanes, and are located in active earthquake zones. Third, the Insular Areas suffer from high unemployment and other negative effects from the recent economic downturn. For example, according to the most recent unemployment figures, Guam’s rate is 13.3%, Puerto Rico’s rate is 17.2% in Puerto Rico, and American Samoa’s rate is 29.8%. It is these high unemployment and high poverty levels in the Insular Areas that inhibit access to telephone service. A staggering portion of the population in the U.S. territories live below the poverty line – 23% in Guam; 23.8% in the USVI; 44.8% in Puerto Rico; and 61% in American Samoa. Finally, in some Insular Areas, there is no pervasive wireline infrastructure of the kind taken for granted on the mainland. Without access to wireline service, consumers are especially dependent on wireless networks for critical communications.

The Commission has rightfully carved out an exemption from the March 2008 cap for carriers in tribal lands, including Alaska, primarily on the basis that these areas are costly to serve, are generally remote, have low telephone penetration levels and suffer unique economic hardships. The Insular Areas are much like tribal lands on these measures, and thus, the same exemption should apply.

We are well aware of the Commission’s National Broadband Plan, and the agency’s focus on transitioning to a new program that will support broadband services, as well as voice services. However, significant portions of the Insular Areas do not yet have the same types of telecommunications services that are available to residents of the fifty states. Thus, sufficient high-cost support for the Insular Areas must be available to complete – and enhance – the deployment of both voice and broadband services. One approach to doing so would be to adopt a rule that expressly permits service providers to utilize high-cost support for broadband infrastructure that complements the maintenance and support of existing networks. This would enable telecommunications carriers in the Insular Areas to focus on improving access to basic communications services, while

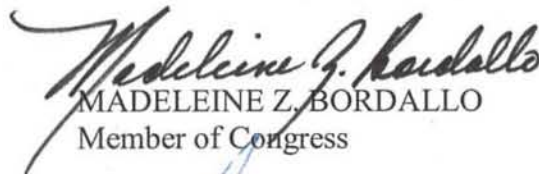
The Honorable Julius Genachowski
Chairman
Federal Communications Commission
October 4, 2011
Page Three of Three

advancing the Commission's objective of "[e]nsuring all people have access to broadband."

We appreciate the Commission's attention to and consideration of this request. It is important to finally recognize the unique challenges facing the Insular Areas, and to adopt appropriate – and specially tailored – universal support mechanisms for carriers serving the U.S. territories, including exempting insular carriers from any phase-down of – or caps on – current levels of high-cost support.

Sincerely,

Sincerely,


MADELEINE Z. BORDALLO
Member of Congress


ENI F.H. FALEOMAVAEGA
Member of Congress


DONNA CHRISTENSEN
Member of Congress


GREGORIO "KILILI" CAMACHO SABLÁN
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Madeleine Z. Bordallo
U.S. House of Representatives
2441 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Bordallo:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", with a checkmark at the end of the signature line.

✓ Julius Genachowski

Enclosure



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Eni H. Faleomavaega
U.S. House of Representatives
2422 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Faleomavaega:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", is written over a horizontal line. Below the signature, the name "Julius Genachowski" is printed.

Julius Genachowski

Enclosure



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Gregorio Sablan
U.S. House of Representatives
423 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Sablan:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Genachowski", written over a horizontal line.

Julius Genachowski

Enclosure